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1 April 1960

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: Peiping's 1960 economic plan and budget, presented to the opening session of the National People's Congress, reflect the regime's conclusion that the Chinese economy can continue to develop at "big leap" speed, although the pace will be somewhat slower than last year's. Industrial targets released so far seem within China's reach this year, but those for agriculture still appear unrealistically high. Increased attention is to be paid to agriculture during the year, but priority is still given to heavy industry. Direct budgetary spending on the military is to be maintained at the same level as last year.

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Communist China: Mao Tse-tung, whose health has sometimes been in question in recent years, seemed "physically robust and mentally keen" in mid-March. This was the conclusion of a group of Nepalese officials who talked with him for more than two hours. If he remains healthy, Mao is expected to continue to dominate the Chinese Communist party.

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II. ASIA-AFRICA

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India - Communist China: In his talks with Chou from 19 to 25 April, Nehru reportedly will insist that Chou accept the principle that the border between India and Tibet has already been delimited. At the outset Nehru will also demand that Chinese troops evacuate the disputed Ladakh area of Kashmir. He is prepared, however, to agree to the continued presence of Chinese troops in the vicinity of the road they have built through Ladakh. Indian officials regard the meeting as only the first step in "several years" of negotiations over the border dispute. [redacted]

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South Africa: In commenting on the situation in South Africa, the American Embassy in Cape Town observes that African leaders are no longer thinking in terms of a very gradual revolution sometime in the future, and that the urban African population now is willing to follow leaders calling for direct action. In the strikes and demonstrations on 28 and 30 March, the Africans demonstrated to themselves and to the European minority their potential for disrupting South Africa's economic and political structure. [redacted]

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III. THE WEST

[redacted]

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Sino-Soviet Air Defense Capabilities through Mid-1965.
NIE 11-3-60, 29 Mar 1960. [redacted]

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I. THE COMMUNIST BLOC

Chinese Communist Economic Planning

The 1960 economic plan and budget presented to the opening session of the National People's Congress demonstrate Peiping's satisfaction with the current state of the Chinese economy. Planning chief Li Fu-chun praised the economic policies followed in 1958 and 1959 and asserted that their success made it "objectively certain" that the economy could continue to be developed at "big leap" speed.

The 1960 economic plan calls for a 23-percent increase in the total value of industrial and agricultural output, as compared with the 31-percent increase claimed for last year. Steel output is to rise to 18,400,000 tons during the year, as against 13,300,000 tons last year. This level of steel production and goals for the pig-iron industry could be achieved, but only by expanding the output of small-scale furnaces, which turn out a product of limited utility.

On the other hand, the levels of production programmed for agriculture again are beyond reach. Peiping, almost certainly incorrectly, claimed a 10-percent increase in grain and cotton output in 1959, despite widespread and damaging drought. The 1960 program calls for a 10-percent increase over the exaggerated 1959 claim.

The 1960 plan and budget devote only a small increase in resources to speeding up the development of agriculture. Investment in new construction is to increase by roughly one fifth, with emphasis on strengthening such "weak links" as railroads, electric power, and nonferrous metals. Direct budgeted spending on defense will be the same as in 1959 (the equivalent of \$2.36 billion) but will drop from 11 to 8.3 percent of total expenditures.

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II. ASIA-AFRICA

Nehru's Position in Forthcoming Talks With Chou En-lai

[Indian Prime Minister Nehru, in his discussions with Chinese Premier Chou En-lai in New Delhi from 19 to 25 April, reportedly will continue to insist on Chinese acceptance of the principle that the Indo-Tibetan border is already delimited. While also insisting initially that Peiping evacuate military forces from all the territory it holds in the Ladakh area of Kashmir, Nehru apparently is ready to concede Chinese troops the right to stay in the immediate vicinity of the road they built through the area.]

[Nehru reportedly has reassured President Prasad that no Indian territory will be surrendered. Legal problems arising from provisions of the Indian constitution and from Pakistan's claims to Kashmir would, in fact, make any formal cession of territory difficult. Nehru may feel that some form of joint Sino-Indian administration of Ladakh, not affecting Indian sovereignty, could provide an eventual solution.]

New Delhi is puzzled over reports that the Chinese expect the meeting to produce positive results, and there is concern that Peiping may be overestimating India's readiness to negotiate. [Nehru expects that the border problem will be discussed by the two prime ministers only "in principle," and that a joint commission will be established to consider detailed proposals.] Although Indian officials feel the Chinese are ready to make some concessions, they still anticipate "several years" of negotiations.

Chou, who has maneuverability denied Nehru by the latter's need to consider domestic public opinion, may make some dramatic offer such as the outright exchange of disputed areas in Assam and Ladakh. Peiping's bargaining position is based on the contention that actual jurisdiction establishes ownership and on its claim that the border has never been legally defined. Hence Chou is unlikely to agree to Nehru's contention that the border is delimited or to any significant reduction in Chinese control of the disputed Ladakh area.

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Tension Rising in South Africa

African leaders are no longer thinking of a gradual revolution some time in the future, and the African urban population now is ready to follow leaders calling for direct action, according to the American Embassy in Cape Town. The embassy comments that in the strikes and demonstrations on 28 and 30 March, the Africans demonstrated to themselves and to the European minority their potential for disrupting South Africa's economic and political structure.

Most of the Union's Europeans have been united by the African threat to their hegemony; the United party, which controls the largest bloc of opposition seats in the South African Parliament, supported the Verwoerd government's declaration of a state of emergency. The government will probably combine police repression with a relaxation of some of the more onerous aspects of apartheid. This course now will not satisfy the non-whites, who reportedly have been encouraged by the suspension of the enforcement of the pass laws and by the forced evacuation of whites from some African townships during the riots of 28 March. The embassy believes that the long-term outlook is for further tests by the Africans of their strength, with frequent outbreaks of violence.

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The Under Secretary of State for Political Affairs

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Director of Naval Intelligence, Department of Navy

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